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S E C R E T SECTION 01 OF 02 SHANGHAI 000801

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E.O. 12958: DECL: 12/20/2032
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SUBJECT: SHANGHAI LEADERSHIP AND BIOGRAPHICAL POTPOURRI

REF: A) SHANGHAI 36; B) 06 SHANGHAI 7121

CLASSIFIED BY: Kenneth Jarrett, Consul General, U.S. Consulate
General Shanghai, Department of State.
REASON: 1.4 (b), (d)

¶1. (S) Summary: Yang Yuanxing, husband of a new Politburo member, describes Shanghai Party Secretary Yu Zhengsheng as a capable and clean leader whose style of seeking out problems rather than latest accomplishments in discussions with subordinates often discomfits those officials. Yu is dismissive of motorcades and unneeded participants in meetings. Several of our contacts predict that Yu will be liberal in running Shanghai, because at his age he is not looking for further advancement. Several contacts predict Shanghai Mayor Han Zheng's career is about to end, with no promotion or lateral transfer prospects. If he does not get a seat in next month's Shanghai Municipal People's Congress, then it will be clear he is moving on. Retired party elders truly are interested in retirement, as well as Party matters sometimes. End summary.

¶2. (C) On December 14, the CG hosted a luncheon for departing Poloff and several of his contacts. Attendees included: China Southeast Technology Trading Head Office President Yang Yuanxing (husband of Politburo member Liu Yandong); Tongji University Professor Frank Peng; Shanghai Municipal People's Congress (SMPC) researcher Zhou Meiyan; Nanjing University Professor Gu Su; People's Daily reporter Bao Jian; and Shanghai University Professor Zhu Xueqin.

Yu Zhengsheng: A Capable Chap

¶3. (C) Yang (refs A and B) said that he knew new Shanghai Party Secretary Yu Zhengsheng from the time that Yu was a little boy;

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he was childhood friends with Yu's older brother who defected to the United States in the 1980s. Yang said that even as a school boy, it was apparent that Yu was "capable" and was being groomed early on to be an official--something to which Yu himself aspired. Gu added that he expected Yu to be a better Shanghai Party Secretary than Xi Jinping had been. Zhou agreed, adding

that Xi's only real accomplishment during his seven month tenure had been "stabilizing" the political situation in the municipality. Professor Zhu said this will be Yu's last stop. Therefore, Zhu speculated, Yu had a great deal of leeway since he was not aiming for promotion and could afford to be more politically liberal and relaxed than an up-and-comer might be.

¶4. (C) Bao said that Yu does not like to have extraneous officials in meetings with him; only those necessary to provide him his briefing and answer his questions. He also keeps the number of officials in his entourage down when he goes on inspections. When he calls on local officials, he does not want to hear about their successes and achievements, but insists on them reporting the problems in their portfolios. Problems are opportunities for progress and new accomplishments, Yu stresses. Most local officials are used to providing only good news and discussing their successes and do not know how to deal with Yu's leadership style. Zhou added that Yu does not travel with many bodyguards. During a November 26 discussion, Jiaotong University Professor Hu Wei made similar comments, noting that Yu travels in a relatively simple car (a VW Passat sedan) without a motorcade, including when on inspection visits to municipal government offices.

Han on the Out

¶5. (C) Zhou said it was unlikely that Shanghai Mayor Han Zheng would be selected for a second term at the January SMPC meeting, noting that if his name is not listed as a delegate, that would be a good indication that he will be moving on - or out altogether. There was general consensus among those at the table that Han would likely be gone soon, despite Yu Zhengsheng's recent statement that he hopes Han will stay on for a while. Peng said that removing Han in January would mean that Han had stayed for "a while" which was an intentionally vague formulation. While none of the contacts had insights into Han's next assignment, Zhou and others agreed that it was possible Han

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could be without a senior position altogether. Bao said that it was impossible that Han was not involved in the scandal that toppled former Shanghai Party Secretary Chen Liangyu; a notion with which Zhou and others readily agreed. Zhou said she does not know who is likely to replace Han.

Other Leadership Insights

¶6. (S) Yang said that Dai Bingguo will be Vice Premier over foreign affairs, Wang Qishan will cover finance, and Zhang Dejiang will be responsible for the foreign trade portfolio currently covered by Wu Yi. There was general consensus among the guests that this would be the case. Poloff commented to Yang on the margins that it is fortunate that with the end of the Party Congress it appears that he and his wife will not have to move from Beijing. Yang replied that "nothing is certain" at this point, suggesting that a move to the provinces might still be under consideration for Liu Yandong.

¶7. (C) The guests agreed that these days most party elders do not do much of anything other than enjoy their retirement. Former Premier Zhu Rongji spends his time playing the erhu and singing Chinese opera. Former Vice Premier Li Lanqing teaches music. One of the more active elders appears to be departing Vice President Zeng Qinghong who recently spent a month relaxing in Suzhou. Bao added that elders must receive central government permission before they are allowed to publish any books. (Congenoffs saw a Li Lanqing collection of Chinese seals on display at the Suzhou Museum in early November.)

Biographic Notes

¶8. (S) Yang said that his father, Yang Xiandong, worked for the U.S. Central Intelligence Agency between 1945 and 1947 helping run operations against the Japanese. That led to criticism during the Cultural Revolution and accusations that his father was a spy for the United States. Yang's father and family were

protected from major maltreatment by former Premier Zhou Enlai, who was friends with Yang Xiandong. (Note: In a December 2006 discussion with Congenoff, Yang said that his father's association with Mao Zedong had also been an ameliorating factor. End note.) Yang has a younger brother in Salt Lake City who works for a Taiwan-invested company. One of his younger sisters lives in the D.C. area.

¶9. (C) Yang said that his daughter is married to a Chinese citizen who has a Canadian "green card." His daughter works for Bank of China in Hong Kong but returns to Beijing at least once a week to see her parents and to oversee a private company she owns. She had tried to start her own company in Silicon Valley which folded after two years; Yang successfully encouraged her to return to China after 9/11. The daughter, now 35, has no children of her own, despite Yang's persistent encouragement. She studied for two years in Japan.

¶10. (C) Yang has a tendency to monopolize conversations, at times bordering on being grandiloquent. He drops names and it is clear that he enjoys his privileged status. He said a friend with a great interest in Lin Biao had trucked the wreckage of Lin Biao's crashed aircraft back to Beijing where it is now displayed in a club. Yang swims outdoors, even in Beijing in the middle of winter. He boasted of having spent over thirty minutes in the water in -13 degree Centigrade weather. Yang drinks the tap water all over China, preferring Beijing water to Shanghai water, saying that the latter has a peculiar taste. Yang said his company's exports to the United States and other countries include fishing rods.

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